



07-08

ANNUAL REPORT

**MINISTRY OF JUSTICE AND
ATTORNEY GENERAL**

Farm Land Security Board

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Letters of Transmittal

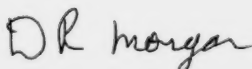


The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I have the honour to submit to your Honour the Annual Report of the Farm Land Security Board for the year ending March 31, 2008.

Respectfully submitted,



Don Morgan, Q.C.
Minister of Justice and Attorney General



The Honourable Don Morgan, Q.C.
Minister of Justice and Attorney General

Dear Sir:

I have the honour to submit for your consideration the Annual Report of the Farm Land Security Board for the year ending March 31, 2008.

The Saskatchewan Farm Security Act establishes the Farm Land Security Board, providing it a mandate in the areas of farm foreclosures, home quarter protection and farm ownership. During periods of economic instability or challenges related directly to their businesses, the Act plays a critical role in the support of farm families.

During the past 12 months, Notices of Intent to Foreclose served upon farmers decreased from the previous year evidencing, to some extent, the more buoyant economic income resulting from higher grains and oilseeds returns. Of concern going forward, is the dramatic escalation of operating costs that will compel an abundant and predictable annual level of production to address these expenditures. Consequently, farm families could experience a heightened level of risk and vulnerability, which, if combined with climatic challenges, could materialize in mortgage servicing difficulties. Of further significance, is the level of farm debt. As interest rates are at an historic low, any upward change will be ultimately reflected in an increased cost of debt service.

Additionally and unfortunately, the farm families who derive the greater portion of their income from the livestock sector continue to experience very long and protracted challenges resulting from the BSE-related crisis and the depressed prices related to the higher feed costs and the inflated Canadian currency. The Notices served during this past fiscal year began to reflect a shift into this sector.

Activity with respect to Home Quarter Protection continued to reflect debt restructure as the predominating category of applications for Exclusion Orders. Elevated operating and capital expenditures, coupled with the depressed livestock

markets, are anticipated to increase the future level of application activity in this respect.

A buoyant commodity market and increasing land values have created a much more active farm land market. This has contributed to the monitoring aspect of Farm Ownership protection. The Board continued to expedite applications received from foreign residents relocating to Saskatchewan.

Of particular concern to the Board is the emergence of non-farming Limited Partnerships which, as speculative investment instruments, are purchasing large tracts of farm land. Consequently, land speculation has contributed to increasing land values in some areas of the province. While it does increase liquidity for retiring farmers, it is to the future of the agricultural industry that we must focus our concerns and legislation. It is the Board's opinion that Limited Partnerships of a speculative nature are impacting land affordability and availability for resident farmers, especially younger families seeking to increase their land base or relocate to Saskatchewan to farm. Therefore, the Board would encourage the Government to explore the issues and implications presented by the large acquisitions of land through non-farming Limited Partnerships.

In the latter part of the fiscal year, ministerial responsibility for the Farm Land Security Board was transferred to the Minister of Agriculture. The Board has enjoyed the support and confidence of the Ministry of Justice and Attorney General over the last two decades and anticipates a productive working relationship with the Ministry of Agriculture.

I trust the attached report will illustrate the varied activities of the Board, its administrators, and field staff during the past year. We appreciate the opportunity to serve the people of Saskatchewan.

Respectfully submitted,



Ferne Nielsen
Chair

Program Rationale, Governing Legislation and Organizational Structure

Mission Statement

It is the mission of the Farm Land Security Board to effectively deliver Saskatchewan Farm Security programs in a manner responsive to the needs of the broad rural community. These programs have been instituted to support family farms during periods of financial difficulty and to stabilize the economic and social environment in rural Saskatchewan.

Governing Legislation

Farm Security programming is governed by *The Saskatchewan Farm Security Act* and its regulations. The Farm Land Security Board is established by the Act.

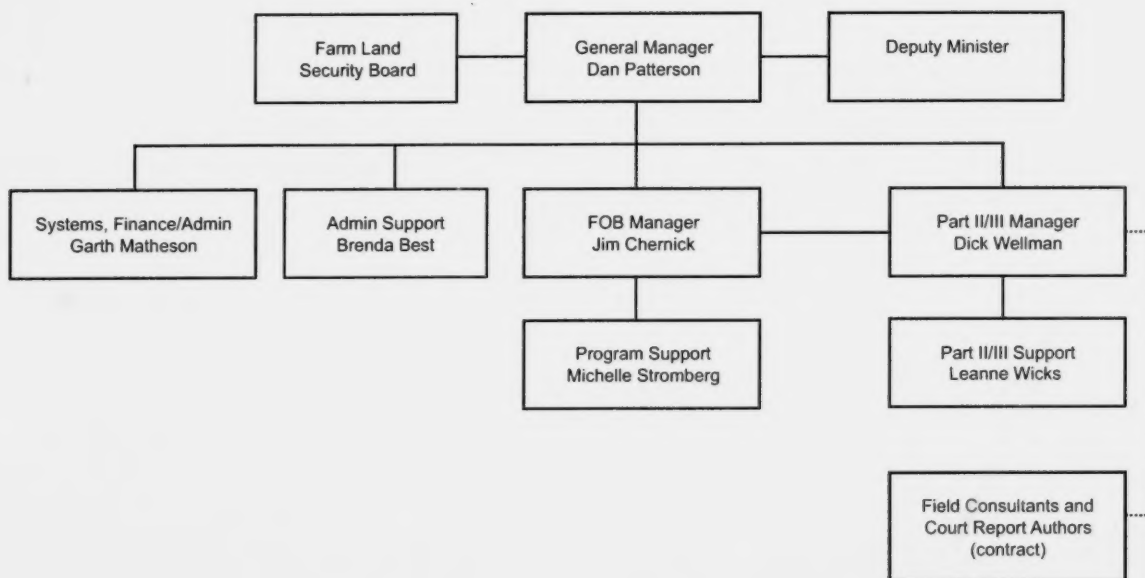
The Farm Land Security Board is mandated under Part II of the Act to oversee the process which occurs prior to a foreclosure action proceeding on farm land. The process is supportive to the farm community by enhancing the opportunity to resolve financial difficulties by other means than foreclosure.

The farm family in financial difficulty is provided the benefits of independent financial analysis and mediation. Ultimately, the Board's advice to court may influence the course of an application to commence foreclosure proceedings.

Part III, Home Quarter Protection, of the Act allows the Board to exclude a mortgage from Home Quarter Protection when it is "in the best interests" of the farmer. The Board, in doing so, does not take a narrow view of these interests, but consults with the borrower on all aspects of the farm business.

Objectives of Part VI, Farm Ownership, are to deliver the mandate of preserving Saskatchewan farm land for ownership and operation by Canadian residents and entities, while remaining open and sensitive to the broader needs and opportunities of our province. This is accomplished by its daily contact with farmers, agricultural and non-agricultural corporations and non-residents.

Organizational Structure



Members of the Farm Land Security Board in the 2007-08 year:

Ferne Nielsen, Turtleford
Larry Kopan, Yorkton
Allan Patkau, Hanley
John Will, Humboldt
Lynn Connor, Beechy

The Board employs managerial and support staff in Regina, as well as contractual field consultants located around the province.

Program Objectives, Activities and Impacts

Part II – Farm Foreclosures

Mandate

Part II of *The Saskatchewan Farm Security Act* has the stated purpose "to afford protection to farmers against loss of their farm land". Before proceeding to court, the Act requires all lenders or writ holders to first serve notice on the farmer and on the Farm Land Security Board respecting their intention to foreclose. The Act provides a financial review and mediation mechanism to assist the parties' efforts to find a settlement. If mediation is not successful or the farmer chooses not to participate, the Act requires the Board prepare a report for the court which provides an opinion on questions stated in the Act, and any other matter the Board feels is relevant. The Act directs the court to give the report primary consideration. The statutory period allowed for the above is 150 days. Mediators are provided by the Dispute Resolution Office of Ministry of Justice and Attorney General.

The program helps farmers facing foreclosure by clarifying their financial situation and assisting them in understanding their legal rights and obligations. These activities help establish achievable expectations and objectives for farmers as they enter the mediation process.

The program was also designed to assist the court in its determination of whether allowing foreclosure to proceed would be "just and equitable." The Board's report to the court provides insight into the personal and financial circumstances of the farm family and any other factors that can contribute to achieving the objective of the Act, which is to "protect farmers against the loss of their farm land". As well, because some aspects of Home Quarter Protection legislation are linked to the Board's opinion in the report, important legal support for farm families hinges on the report's conclusion.

Resources

\$346,000 was attached to the delivery of Parts II and III under the Act, exclusive of general administration overhead and Board meetings. Two full-time equivalent employees and 28 specialized contract field consultants work in these programs.

Objectives

The primary objective of the program is to assist farmers and creditors facing a possible foreclosure to understand and resolve the underlying financial problems, thereby keeping farmers on the land and in rural communities. An additional resulting

benefit is to provide a fair and effective means of resolving farm financial difficulties without involving the court system.

Activities

Field Analysis and Mediation Preparation

Following receipt of a Notice of Intention to Foreclose, the Board assigns the matter to a field consultant. It is the field consultant's responsibility to meet with the farm family to adequately prepare them for the mediation opportunity. The field consultant also contacts the creditor to discuss its legal rights and obligations and to prepare the creditor for mediation. This preparation includes a review and analysis of the farm family's financial situation. Discussions about their personal and financial situation and their legal rights and obligations occur. Through these discussions, the field consultant helps the family establish goals for the mediation process and beyond. A financial report is produced and provided to the farmer, the mediator and the creditor. The consultant will accompany the farmer to the mediation meeting, acting as a resource and a support to the family.

When the review and mediation activities do not find a suitable solution, the creditor may ask for the Board's report to the court. Upon receiving such a request, the Board appoints a consultant with specialized training to research the request. This will include updating the farm's financial statement and gathering other relevant information.

The Board will interview the lender and the farmer, when necessary, in preparation of the report. The report provides primary advice to the court in its determination of whether leave is granted to advance into a foreclosure action.

The Act, through its provision of a field consultant, a process of mediation, and its requirement of a court report, has avoided initiation of foreclosure actions in the majority of Notices of Intention to Foreclose that were issued. Although repayment arrangements are not always achieved, leaseback and exit arrangements can also benefit some farm families.

Further detail on the success of mediation can be obtained from the Dispute Resolution Services section of Ministry of Justice and Attorney General Annual Report.

Notices of Intent to Foreclose Received by the Farm Land Security Board	
Fiscal Year	Notices*
1995-1996	481
1996-1997	386
1997-1998	342
1998-1999	313
1999-2000	403
2000-2001	405
2001-2002	329
2002-2003	300
2003-2004	297
2004-2005	428
2005-2006	350
2006-2007	357
2007-2008	264

* Notices of Intent to Foreclose are submitted on a mortgage basis and may involve more than one mortgage.

In addition to the 264 Notices of Intent to Foreclose received by the Board in 2007-08, 23 previously resolved Notices were reactivated on the request of lenders for additional investigation.

Notices of Intent to Foreclose Served on the Farm Land Security Board by Creditors						
Fiscal Year	FCC	ACS	Credit Unions	Other	Chartered Banks	TOTAL
1995-1996	112	196	89	34	50	481
1996-1997	91	155	75	32	33	386
1997-1998	107	83	78	24	50	342
1998-1999	108	43	91	27	44	313
1999-2000	174	27	103	41	58	403
2000-2001	179	18	94	25	89	405
2001-2002	76	31	99	27	96	329
2002-2003	120	8	69	22	81	300
2003-2004	105	16	89	43	44	297
2004-2005	166	23	102	27	110	428
2005-2006	139	15	89	29	78	350
2006-2007	145	18	87	31	76	357
2007-2008	98	13	74	17	62	264

Observations

The number of Notices of Intent to Foreclose served on Saskatchewan farmers reflects improvement in the grain economy over this fiscal year. Notices decreased 25 per cent from the previous fiscal year. The largest decrease of notices issued was shown by Farm Credit Canada (a 33 per cent reduction from the previous year), and the smallest was Credit Unions, with a 15 per cent reduction.

The number of farms attached to this notice level should not be considered the full extent of financial difficulties in the farm economy. Participation in federally mandated programs that have more general application than the provincial foreclosure intervention add, in some measure, to foreclosure notices in the provincial sphere. In this fiscal year, 81 applications were received under the Farm Debt Mediation Services program; 1,234 applications were received under the Canadian Farm Business Assessment Service and Canadian Farm Families Options Program. Farms that are dissolved or reduced through voluntary liquidations, or successfully restructured through private arrangements with their lenders, add to formal programming numbers.

Court Reports

The Board's report to the court that is issued provides primary advice to the court in its decision as to whether a foreclosure action should be allowed to proceed. In addition to addressing the critical questions of whether the farm family has reasonable possibility of paying the mortgage, and whether sincere and reasonable effort has been made to pay the mortgage, the Board can provide

any information it deems relevant to the situation. The report is distributed initially to the farmer, the creditor and their legal counsel. Once the creditor advises the Board that it will proceed with a court application, the report is issued to the court.

The number of court report requests in 2007-08 was 131, somewhat less than that received in the previous year. The proportion of reports where the Board was unable to address the question of mortgage service feasibility contributed 50 of that total. This situation arises from a variety of circumstances, including the unwillingness of the farmer to engage with the Board.

During the 2007-08 fiscal year, 276 notices from current and past years were recorded as resolved, compared with 188 the previous year. Improving production economics in the grain sector contributed to this higher level of resolved files.

Given the general existence of equity in Saskatchewan farm mortgages due to stable or increasing land values, the completion of a legal foreclosure is not a common occurrence. A farmer will usually accept sale of his land to salvage remaining equity. Judicial sale, as opposed to foreclosure, is more common.

By judicial sale, a number of mortgagees or writ holders share in the proceeds of the liquidated property.

Judicial sales should not be considered to be of neutral impact on farm families. It is not uncommon that property sold by judicial sale is discounted in value. The farmer can also bear significant legal and court costs, and loses the benefit of the Right of First Refusal that is a feature of *The Saskatchewan Farm Security Act*.

Part II – Court Reports Requested^a

Fiscal Year	Providing Opinion	Providing No Opinion ^b	Uncontested Foreclosure ^c	Resolved ^d	Total
1996-1997	55	40	9	12	116
1997-1998	62	32	8	16	118
1998-1999	66	57	1	18	142
1999-2000	58	29	5	16	108
2000-2001	101	42	4	12	159
2001-2002	84	30	7	17	138
2002-2003	74	33	8	17	133
2003-2004	60	34	2	15	111
2004-2005	80	41	2	20	143
2005-2006	86	52	1	19	158
2006-2007	75	61	2	27	165
2007-2008	59	50	1	21	131

a. Not all court reports initiated by lenders are issued to the court.

b. Court report issued when Board's assistance is declined by farmer.

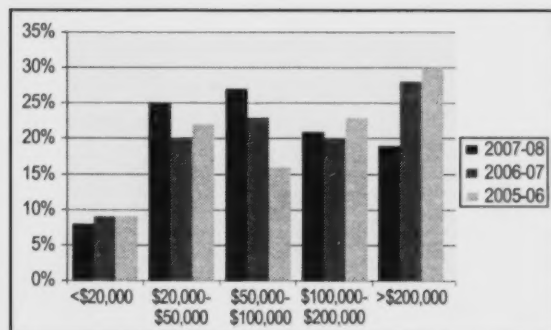
c. Reflects mediated arrangements which require a court report for legal purposes.

d. Prior to issuing a preliminary court report a resolution of the file can take place; the Board cannot accurately track similar resolutions that take place once a court report is issued to the court.

Statistical Profile of Farms Receiving Notice of Intent to Foreclose

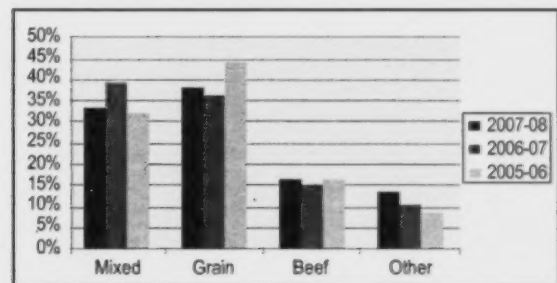
Since program inception, the Farm Land Security Board has kept a statistical profile of the farmers receiving Notices of Intent to Foreclose and attending mediation. This information from the 2007-08 fiscal year and, in some cases, the preceding two years are presented in the following graphs:

Distribution of Size of Debt Subject to Notice of Intent to Foreclose



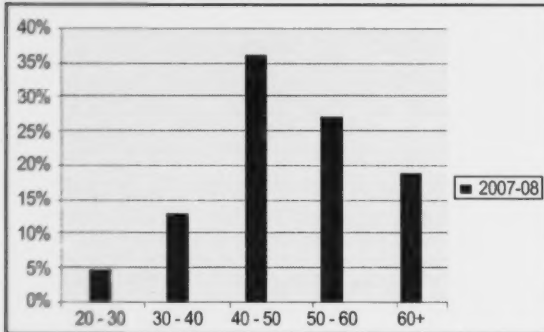
Notices in this fiscal year shifted from the largest debt category towards the two categories between \$20,000 and \$100,000. The continued increase in the category of Notices involving \$50,000 – \$100,000 debt may indicate a growing inability of farmers to service smaller loans, such as operating and consolidation loans secured by land.

Distribution of Enterprise Types Receiving Notice of Intent to Foreclose



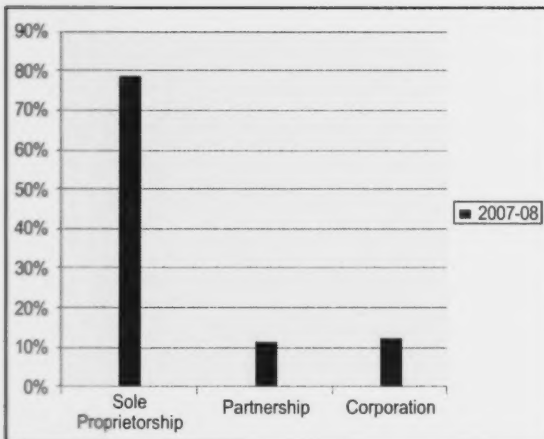
The statistics this year showed a shift from mixed farms to grain farms. The increasing value of grain commodities may conceivably reverse this trend next year.

Age Range Distribution of Farmers Receiving Notice of Intent to Foreclose

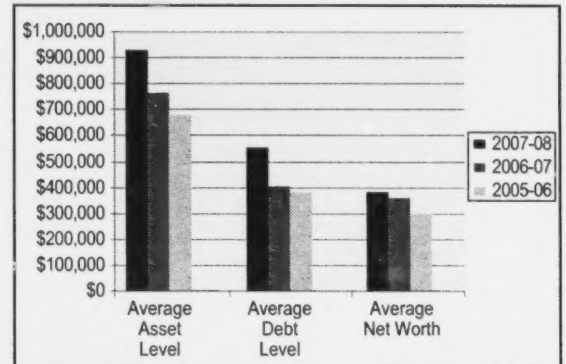


This graph provides two consistent observations. The majority of notices were received in the age categories including the largest proportion of farmers. The oldest category in that group should carry less debt than the younger categories. Nevertheless, notices involving farmers more than 60 years old increased somewhat from the previous year as a percentage of total notices received.

Distribution of Farm Unit Financial Organization Receiving Notice of Intent to Foreclose



Average Asset, Debt and Net Worth Levels of Farms Receiving Notice of Intent to Foreclose



The financial profile of farms receiving Notices continues to reveal that foreclosures are threatening the full spectrum of Saskatchewan farms and farmers. The average farm had higher asset and debt levels than last year.

Part III – Home Quarter Protection

Mandate

Home Quarter Protection has been a cornerstone of Saskatchewan farm protection legislation since the early 1940s. The protection stays the registration of a Final Order for Foreclosure as long as the farmer continues to live on the homestead. A farmer and a lender may co-apply to the Farm Land Security Board to have a mortgage excluded from this protection. The Board is empowered to exclude the mortgage from protection when, in the opinion of the Board, it would benefit the farmer. The program assists farmers consider a broader range of financing options as opposed to attaching debt to their home quarter.

Resources

Part II and III office and human resources are shared. (See Part II for more details)

Objectives

The mandate of this Part is achieved by clarifying with farmers their security options and examining their ability to service the mortgage obligations. Before the Board will order a mortgage excluded from the protection, it must be convinced the farmer can repay the loan, and that other suitable security is not available. Additionally, it must be convinced that any aspect of a loan which appears uncharacteristic of typical lending practices has been fully discussed with the parties.

Part III – Applications Received

Fiscal Year	Co-Applications
1996-1997	1,038
1997-1998	918
1998-1999	774
1999-2000	562
2000-2001	484
2001-2002	469
2002-2003	506
2003-2004	515
2004-2005	581
2005-2006	491
2006-2007	445
2007-2008	452

Activities

Co-applications are reviewed by Board staff. Staff typically contact the farmer and the creditor as part of their review and may request additional information concerning the farm financial situation. Staff will analyze the farm budget and security options to establish that the loan is affordable and that more suitable security arrangements are not possible. In the most difficult situations, the co-application is assigned to a field consultant. The consultant will meet with the farmer and the creditor to prepare a report for the Board.

A decision to refuse to exclude a mortgage from the protection only occurs after clear evidence that either the loan is not serviceable or that alternate satisfactory security options are available.

Rather than deny an application, the Board will work with the parties to find acceptable alternatives. This results in a very low incidence of an application being denied.

Part III – Disposition of Applications to Waive Home Quarter Protection

Fiscal Year	Order Issued	Special Order Issued	Order Denied	Return/ Withdraw	Total
1995-1996	625	109	7	82	823
1996-1997	776	157	8	82	1,023
1997-1998	677	158	8	70	913
1998-1999	550	153	10	75	788
1999-2000	216	287	2	69	574
2000-2001	131	304	2	37	474
2001-2002	37	392	0	42	471
2002-2003	135	339	2	29	505
2003-2004	376	129	0	15	520
2004-2005	376	160	1	33	570
2005-2006	331	127	2	20	480
2006-2007	276	135	5	40	456
2007-2008	306	140	1	12	459

Distribution of Home Quarter Exemption Applications by Purpose Category

	2007-08	2006-07
Construction	14%	9%
Purchase	14%	17%
Restructure	40%	45%
Revolving Credit	13%	8%
Debt Settlement	2%	1%
Other	17%	20%

Impacts

The Board's activities help to maintain the security of farm family homesteads. Its activities ensure that debt obligations are serviceable when a homestead is involved and that alternative options for securing debt are considered. These activities increase farmer knowledge of risk management and contribute to the stability of rural communities in the future.

Many mortgages are issued exclusion orders identifying and attaching explicit conditions. Such conditions may release a home site from the mortgage if the loan fails, or release the home

quarter once the principal is reduced to a specified amount.

Observations

The total number of co-applications to waive Home Quarter Protection in the 2007-08 fiscal year remained essentially the same as the previous year.

The number of co-applications in each of the purpose categories has remained relatively consistent with the exception that of debt restructures. Debt restructures have increased due to farms not being able to service their loan payments, and due to new lending initiatives offering lower interest rates and interest-only payments on mortgage secured loans.

Little change occurred in the distribution of applications among purpose categories.

There was a noticeable trend emerging in lending practice with the advent of equity-based loan facilities to fund ongoing capital asset purchase and operating costs. These products have been aggressively marketed.

Part VI – Farm Ownership

Mandate

This legislation is designed to ensure that non-resident or corporate control of Saskatchewan Farm Land does not negatively affect the interests of resident producers or the economic and social development of the province.

Resources

\$71,000 was expended on the delivery of Part VI activities under the Act, exclusive of general administrative overhead and Board meetings. Two full-time equivalent employees work in this program.

Objectives

The Board seeks to preserve ownership and operation of Saskatchewan farm land by residents through ensuring compliance with farm ownership legislation. The Board also maintains an internal objective to remain current in the area of agriculture and land related issues. This contributes positively to its decisions regarding land ownership.

Activities

Responsibilities of the Board include the granting or denial of applications for exemption or extension, issuing Orders for Divestment, recommending court action for violation of the Act's provisions, and generally advising the government of farm ownership issues. Where individuals or corporations acquire or plan to acquire holdings that exceed that allowed by statute, the Board considers the interests of all affected parties in making its determinations. Staff assigned to this aspect of the program monitor all changes of title respecting farm land.

Activity Summary

Staff investigated and processed applications for exemption and applications for extension in order

to achieve compliance with the legislation. An application may result in the granting of more than one exemption. In addition, staff responded to personal or written inquiries.

Activity Detail

The Board monitored changes of interest in rural land in the province by analyzing and classifying raw data provided by Information Services Corporation. For the Board's purposes, the initial analysis of 2007-08 revealed 32,019 transfers (28,233 in 2006-07) totaling 4,046,214 acres (3,702,659 acres in the 2006-07 fiscal year). Acres transferred increased nine per cent from the previous year.

The following table illustrates the number of transfers in various categories of individuals and corporate entities. The data include title changes, such as registrations of joint ownership, corporate name changes and interim transfers to estates. Therefore, the total transfers do not equate to "new ownership" but reflect "title activity".

2007-08 Transfer Statistics

Address or Category of Transferee	Number of Transfers	Acreage
Saskatchewan	22,001 (19,925)	2,895,740 (2,638,701)
Canada	2,259 (1,758)	325,897 (247,549)
Foreign	201 (189)	33,645 (31,569)
Lending Institutions including Crown Lenders	24 (27)	4,589 (4,398)
Government (including non-lending Crown Corporations)	987 (1,058)	75,845 (82,456)
Corporations	6,547 (5,276)	710,489 (687,986)
Total	32,019 (28,233)	4,046,214 3,702,659

The Farm Land Security Board uses transfer information as a basis for its monitoring of dispositions and acquisitions by both individuals and corporations. The Board examines acquisitions by corporations and non-Canadians to ensure holdings are not acquired by those who are ineligible to hold land. Provisions of the Act allow certain transfers to foreign resident individuals. These include transfers below 10 acres in size, and transfers to individuals who are Canadian citizens, non-Canadian citizens who are eligible for an in-family transfer, and for estate transfers.

Application for Exemption

The Board has the authority to consider applications for exemption which, if approved, allow non-eligible individuals or non-agricultural corporations to have or acquire a land holding in excess of that allowed under the farm ownership provisions of *The Saskatchewan Farm Security Act*. Denials were primarily based on the Board's conclusion that the intended acquisition would be contrary to the longer term interests of Saskatchewan people. The following table summarizes the Board's activity in applications for exemption.

General categories have been developed for the request for exemption the Board receives.

Purchaser Intending to Reside

The Board regularly considers exemption requests by non-residents who plan to move to Canada and are acquiring land in advance of their residency.

Commercial Development

Many commercial undertakings require farm land to develop industrial plants, grain terminals and mining operations.

Family and non-family support

In some cases, residents have obtained assistance from non-residents to re-acquire their farms from financial institutions or have accessed capital to start a new farm venture.

Inheritance/Estate Planning

To facilitate estate planning involving transfers of farm land to non-resident beneficiaries, exemption requests are considered. Exemptions granted for this purpose generally correspond with the five-year period allowed for divestment in the Act.

Recreational Properties

Often, smaller parcels of land of marginal agricultural value command much higher prices than its agricultural value and is acquired for recreational purposes. The Board has developed a Recreational Land Policy to guide such acquisitions by non-Canadians.

Wildlife/Conservation

Acquisitions under this part are, for the most part, now governed by the Southern Conservation Lands Policy which exempts qualifying organizations from farm ownership legislation. For this reason, exemptions issued under this category fell in the 2007-08 fiscal year.

Lender Extension

The Act provides that a lender may hold land acquired by way of foreclosure or quitclaim for two years. A lender must apply for extension in order to hold land beyond this two-year period.

Exemption Statistics

Exemption Category	Granted		Acres		Denied		Acres	
	07-08	06-07	07-08	06-07	07-08	06-07	07-08	06-07
Purchaser Intending to Reside	10	11	12,592	13,866	0	0	0	0
Border Farm	1	2	310	1,100	0	0	0	0
Commercial Developments	10	4	5,316	2,877	0	0	0	0
Family & Non-Family Support	1	1	470	470	0	0	0	0
Inheritance & Estate Planning	1	3	310	1,890	2	0	700	0
Recreational Property	0	3	0	468	0	0	0	0
Spousal Acquisition	1	0	310	0	0	0	0	0
Wildlife & Conservation	1	19	160	13,213	0		0	0
Lender Extension	0	0	0	0	0	0	0	0
Total	25	43	19,468	33,884	2	0	700	0

Applications for Extension

Financial institutions acquired a total of 4,398 acres through debt resolution during this fiscal year, as compared with 4,576 last fiscal year. A creditor acquiring agricultural land through the realization, quitclaim, settlement or other disposition of its security, is permitted to retain that land holding for a period of two years. The Board has the authority to extend the two-year period allowed creditors.

The preference of financial institutions is to divest of farm land they have recovered. They have generally been willing to co-operate with the Board in providing leasing arrangements, if necessary, for the farmers who gave up ownership of land when land cannot be sold.

Enforcement Summary

No enforcement files were outstanding at the end of the 2007-08 fiscal year.

Accomplishments

The land sales database continues to provide a useful service to the public by allowing searchable access to land sale information. It also facilitates the monitoring of land sales transactions for the purposes of the Act.

Observations

Both the amount of land transferred and the value per acre of Saskatchewan farm land increased over the 2007-08 fiscal year. Farm Credit Canada reported that Saskatchewan land values increased 7.8 per cent over the last six months of 2007 as compared with 3.6 per cent over the first six months.

The land transfer data also reveal that farm land purchases by individuals who reside outside of Saskatchewan have increased by more than 31 per cent in the past year. This does not include non-Saskatchewan corporate shareholders or unit holders of limited partnerships.

Farm land purchases by corporations with some or all shareholders being Canadian residents outside of Saskatchewan have been substantial. There are essentially two types of this corporation. Some have purchased farm land and will be carrying on farming operations, but most are acquiring a farm land base as an investment to be leased out.

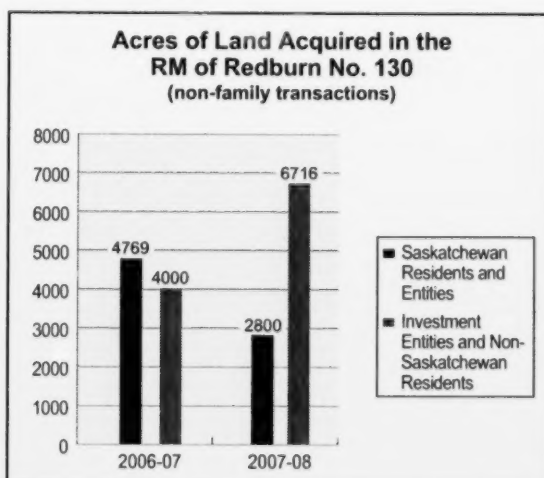
Limited Partnerships are emerging as an investment vehicle that is impacting rural Saskatchewan. The capital being attracted by

these entities is largely speculative in nature. These entities can raise capital through private placement, offering memorandum or a prospectus. Issuing a prospectus allows the investment units to be marketed through national investment firms. Very large acreage of farm land can be accumulated by this process. As a result, land speculation is now a significant driver of land values in Saskatchewan.

Despite the benefits of higher land values and increased liquidity for retiring farmers, and to farmers borrowing against their land assets, the Farm Land Security Board sees an element of risk and negative outcome to these extensive acquisitions.

Land values driven by non-farm speculative investment can reduce opportunities for economically affordable acquisitions by resident farmers and those younger families looking for an opportunity to relocate to Saskatchewan to farm. Land values excessively inflated beyond productive value contribute elevated risk to the operators buying and leasing the land. Increased consolidation of farms arising from out-of-province investment on a large and concentrated scale can be detrimental to rural communities when goods and services are out-sourced and local populations are reduced.

A review of land transactions in the Rural Municipality of Redburn No. 130 for the years 2006-07 and 2007-08 was undertaken. The results are consistent with the provincial trends indicated in land transfer statistics.



Non-family acquisitions of farm land comprised 8,769 acres in 2006-07. In that year, 4,000 acres were acquired by out-of-province individuals and investment entities. These entities are primarily composed of non-Saskatchewan interests. Saskatchewan residents and entities acquired 4,769 acres.

Data from the 2007-08 fiscal year revealed a significant change. Out of 9,516 acres acquired, Saskatchewan individuals and entities acquired only 2,800 acres, while out-of-province individuals and investment organizations acquired 6,716 acres.

This constitutes a notable reversal of land acquisition trends in this Rural Municipality. Speculative interests acquired almost two-and-a-half times as much land as Saskatchewan farmers. The extent to which this pattern is reflected across the province will require further examination to determine. The Board believes this will be characteristic of areas of higher quality farm land.

The number and capitalization of speculative ventures acquiring Saskatchewan farm land is increasing.

2007-08 Financial Results

Expenditures

A budget of \$871,000 was provided to the Farm Land Security Board in the 2007-08 fiscal year. Expenditures and accounts payable for the year were \$742,800. The Board supervised a workforce of seven full-time equivalent employees and 28 contract field consultants.

Expenditures (thousand dollars)	2007-08		2006-07		2005-06	
Admin/Board						
Salaries	143.4		185.0		130.3	
Other Expenses	33.1		49.8		34.6	
		176.5		234.8		164.9
Part II/III						
Salaries	106.8		103.9		101.5	
Other Expenses	221.6		344.4		275.2	
Accounts Payable	3.3		16.0		27.3	
		331.7		448.3		404.0
Part VI						
Salaries	70.3		94.5		89.8	
Other Expenses	.3		2.8		0.7	
		70.6		97.3		90.5
Systems						
Salaries	65.8		59.8		63.0	
Other Expenses	98.2		82.7		95.2	
		164.0		142.5		158.2
Totals						
Salaries	386.3		443.2		384.6	
Other Expenses	353.2		463.7		405.7	
Accounts Payable	3.3		16.0		27.3	
		742.8		922.9		817.6

Revenue

During 2007-08, a Notice Application Fee, Land Sales Data Fee and Farm Ownership Fee generated \$104,400 in revenue and accounts receivable.

Revenues (thousand dollars)	2007-08	2006-07	2005-06	2004-05
Notice Application Fee	58.8	79.2	77.5	88.6
Land Sales Data Fee	43.0	36.7	35.6	34.6
Farm Ownership Fee	2.6	1.6	4.6	3.2
Total	104.4	117.5	117.7	126.4



